

**ESTABLISHMENT OF RESERVE BALANCES AND TRANSFERS 2015-2016**

<b>Objective Reference:</b>	<b>A190108</b> <b>Reports and Attachments (Archives)</b>
<b>Attachment:</b>	<a href="#"><u>Reserve Transfers and Anticipated Reserve Balances for 2015-2016</u></a>
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**PURPOSE**

The purpose of this report is to provide details of Redland City Council reserve balances and transfers for the 2015-2016 financial year. Whilst this is no longer a requirement under the *Local Government Act 2009* or *Local Government Regulation 2012*, constrained reserves demonstrate to the community that funds are held for particular purposes.

**BACKGROUND**

Each year Council develops and adopts a budget that includes forecasts for transfers to and from both operational and capital reserves. As part of the 2015-2016 budget development process, Council's Constrained Cash Reserves Policy was reviewed and updated, supporting Council's commitment to financial sustainability.

**ISSUES**

Redland City Council has established reserves in the operating fund by including each reserve in its annual budget or by a separate resolution. The attachment outlines the opening balance of reserves as at 1 July 2014, the anticipated closing balance of reserves as at 30 June 2015, and budgeted transfers and anticipated balances for 2015-2016.

An additional reserve has been included in 2015-2016 to reflect the anticipated in-year movement across reserves which occurs, but as yet cannot be attributed to a particular reserve. This line will be updated at each budget review to reflect actual utilisation.

**STRATEGIC IMPLICATIONS****Legislative Requirements**

Section 104 of the *Local Government Act 2009* requires that a local government establishes a system of financial management to ensure financial sustainability. Additionally, in the interests of transparency and accountability, Council is keen to illustrate to the community its constrained cash balances as the funds are held for particular purposes.

## Risk Management

Council reviews its budget on a monthly basis against actual performance and position and also formally revises its budget throughout the financial year. Additionally, each year Council reviews its long term Financial Strategy and considers the constrained cash held as a subset of community equity, ensuring the constrained cash in the reserves is fully funded from cash and cash balances.

## Financial

There are no direct financial impacts to Council resulting from this report – transfers to and from reserves are a movement in community equity and increases in reserves hold community funds for *particular* purposes.

## People

Nil impact expected as the purpose of the attached report is to provide an overview of the transfers to and from constrained reserves for the 2015-2016 financial year.

## Environmental

Nil impact expected as the purpose of the attached report is to provide an overview of the transfers to and from constrained reserves for the 2015-2016 financial year.

## Social

Nil impact expected as the purpose of the attached report is to provide an overview of the transfers to and from constrained reserves for the 2015-2016 financial year.

## Alignment with Council's Policy and Plans

This report has a relationship with the following items of the 2015-2020 Corporate Plan:

8. Inclusive and Ethical Governance: Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve the community's Redlands 2030 vision and goals.

8.2 Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the city.

## CONSULTATION

The Executive Leadership Team and Councillors have been consulted as part of the 2015-2016 budget workshops in relation use of reserves to fund operational and capital jobs in the 2015-2016 financial year. The reserve transfers are identified as line items on the face of Council's Operating and Capital Funding Statements.

## OPTIONS

1. Council resolves to adopt the forecast reserve balances and transfers identified in the attachment as a result of the 2015-2016 budget development workshops.

2. Council amends some of the transfers to and from reserves – noting this will also result in a change to revenues or expenditures relating to particular jobs, projects or works programs.

#### **OFFICER'S RECOMMENDATION**

**That Council resolves to adopt the forecast reserve balances and transfers identified in the attachment as a result of the 2015-2016 budget development workshops.**

**RESERVE TRANSFERS AND ANTICIPATED RESERVE BALANCES**

Reserves by Category	Opening Balance 01/07/2014	Budgeted Closing Balance 30/06/2015 (revised budget)	2015/2016 Budgeted Movement		Anticipated Closing Balance 30/06/2016
			TO	FROM	
<b><u>Special Projects Reserve</u></b>					
Weinam Creek Reserve	\$2,781,925.52	\$1,690,141.92	\$545,174.00	-\$78,860.00	\$2,156,455.92
Redland WorkCover Reserve	\$4,965,071.03	\$0.00	\$0.00	\$0.00	\$0.00
Art Gallery Commissions & Donations Reserve	\$17,375.68	\$2,375.68	\$0.00	\$0.00	\$2,375.68
SMBI Capital Reserve	\$3,894,211.25	\$0.00	\$0.00	\$0.00	\$0.00
	<b>\$11,658,583.48</b>	<b>\$1,692,517.60</b>	<b>\$545,174.00</b>	<b>-\$78,860.00</b>	<b>\$2,158,831.60</b>
<b><u>Utilities Reserve</u></b>					
RedWaste Reserve	\$3,117,683.53	\$0.00	\$0.00	\$0.00	\$0.00
Redland Water Reserve	\$8,300,000.00	\$13,118,989.00	\$0.00	\$0.00	\$13,118,989.00
Redland Wastewater Reserve	\$1,600,000.00	\$1,600,000.00	\$0.00	\$0.00	\$1,600,000.00
	<b>\$13,017,683.53</b>	<b>\$14,718,989.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$14,718,989.00</b>
<b><u>Constrained Works Reserve</u></b>					
Street Tree Planting Reserve	\$70,215.28	\$0.00	\$10,000.00	\$0.00	\$10,000.00
Parks Reserve	\$2,407,814.69	\$4,066,064.69	\$977,081.00	-\$2,441,417.00	\$2,601,728.69
SP1 Wellington Pt Road Infrastructure Reserve	\$463,311.65	\$0.00	\$0.00	\$0.00	\$0.00
Redland Bay South Road Infrastructure Reserve	\$647,356.78	\$0.00	\$0.00	\$0.00	\$0.00
East Thornlands Road Infrastructure Reserve	\$674,351.38	\$674,351.38	\$0.00	\$0.00	\$674,351.38
Car Parking Reserve	\$339,993.21	\$0.00	\$0.00	\$0.00	\$0.00
Community Facility Infrastructure Reserve	\$440,684.22	\$726,559.22	\$200,000.00	\$0.00	\$926,559.22
Water Renewal & Purchase Reserve	\$5,505,269.55	\$7,426,329.06	\$1,500,000.00	-\$335,892.00	\$8,590,437.06
Sewerage Renewal & Purchase Reserve	\$7,383,925.92	\$7,582,724.93	\$2,000,000.00	-\$450,000.00	\$9,132,724.93
Constrained Cap Grants & Contributions Reserve	\$4,388,980.11	\$90,909.00	\$0.00	-\$90,909.00	\$0.00
Transport Trunk Infrastructure Reserve	\$5,845,744.95	\$8,345,744.95	\$1,400,000.00	\$0.00	\$9,745,744.95
Cycling Trunk Infrastructure Reserve	\$706,014.86	\$1,308,514.86	\$0.00	\$0.00	\$1,308,514.86
Stormwater Infrastructure Reserve	\$1,938,482.22	\$2,327,607.22	\$0.00	\$0.00	\$2,327,607.22
Constrained Opr Grants & Contributions Reserve	\$918,676.71	\$628,074.98	\$0.00	-\$147,838.00	\$480,236.98
	<b>\$31,730,821.53</b>	<b>\$33,176,880.29</b>	<b>\$6,087,081.00</b>	<b>-\$3,466,056.00</b>	<b>\$35,797,905.29</b>
<b><u>Reserve for in-year allocation</u></b>					
Reserve for in-year allocation following funding confirmation of projects	\$0.00	\$0.00	\$0.00	-\$11,000,000.00	-\$11,000,000.00
	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-\$11,000,000.00</b>	<b>-\$11,000,000.00</b>
<b><u>Separate Charge Reserve - Environment</u></b>					
Environment Charge Acquisition Reserve	\$6,935,850.23	\$6,878,166.23	\$0.00	\$0.00	\$6,878,166.23
Environment Charge Maintenance Reserve	\$1,504,852.07	\$1,411,718.52	\$5,829,843.20	-\$5,853,158.00	\$1,388,403.72
	<b>\$8,440,702.30</b>	<b>\$8,289,884.75</b>	<b>\$5,829,843.20</b>	<b>-\$5,853,158.00</b>	<b>\$8,266,569.95</b>
<b><u>Special Charge Reserve - Other</u></b>					
Bay Island Rural Fire Levy Reserve	\$0.00	\$0.00	\$179,100.00	-\$179,100.00	\$0.00
SMBI Translink Reserve	\$3,195.40	\$3,195.40	\$962,083.84	-\$962,083.84	\$3,195.40
	<b>\$3,195.40</b>	<b>\$3,195.40</b>	<b>\$1,141,183.84</b>	<b>-\$1,141,183.84</b>	<b>\$3,195.40</b>
<b><u>Special Charge Reserve - Canals</u></b>					
Raby Bay Canal Reserve	\$5,186,699.94	\$4,679,690.30	\$2,669,889.10	-\$7,262,359.03	\$87,220.37
Aquatic Paradise Canal Reserve	\$2,162,663.02	\$2,733,508.12	\$885,833.20	-\$2,088,727.00	\$1,530,614.32
Sovereign Waters Lake Reserve	\$480,150.12	\$452,382.12	\$58,748.57	-\$271,035.34	\$240,095.35
	<b>\$7,829,513.08</b>	<b>\$7,865,580.54</b>	<b>\$3,614,470.87</b>	<b>-\$9,622,121.37</b>	<b>\$1,857,930.04</b>
<b>BALANCES</b>	<b>\$72,680,499.32</b>	<b>\$65,747,047.58</b>	<b>\$17,217,752.91</b>	<b>-\$31,161,379.21</b>	<b>\$51,803,421.28</b>